Volume 7, Issue 5   Atari Online News, Etc.   January 28, 2005

=~=~=~=

~ Net Sales Taxes Study! ~ People Are Talking!   ~ AOL To Kill Usenet!

```
    ~ File Swapping to SC!    ~ MS Software Thief Plea ~ SainT Updated!
    ~ Sun Opens Solaris Code ~ MS Goes After Pirates! ~ Kill All Humans!
    ~ FCC's Powell To Resign ~ Earthlink Wins Spam!    ~ New Bagle Worms!


             -*  Napster Conviction Upheld!  *-
           -* Microsoft Won't Appeal EU Sanctions *-
          -* Do Security Concerns Prompt IE Defections? *-




                        =~=~=~=
```

```
->From the Editor's Keyboard              "Saying it like it is!"
   """"""""""""""""""""""""""""
```

When is it going to end?? I've been a New Englander all of my life. I've
seen some really rough winters in my 50-plus years. But, it must be a sign
of old(er) age when this weather just isn't as bearable as it used to be!
Don't get me wrong, I wouldn't leave this part of the country for anything.
However, I wouldn't mind it if the periods of cold and snow were more
intermittent! Let's see, the temperature hasn't been close to freezing for
a couple of weeks. Since last weekend, we've had three feet of snow. I
think my snowthrower and shovels are ready to leave town!

I am so glad that I don't live in the city any longer! No place to park,
shoveling out plowed-in cars with no place to put the snow! It's brutal.
At least where I am now, it doesn't seem as bad. It reminds me of my
childhood, living in Maine. Being a kid and having this much snow was like
winning the lottery! No school, sledding, skating, playing on the mountains
of snow, and more! Now, it's not so fun! I'm exhausted from all of the
snow clean-up, even with the snowthrower doing the bulk of the work. I'm
cold just thinking of when the dogs want to go out next! I wish that I was
a kid again, looking forward to the snow. If I were to shovel the stuff,
I'd be making some money. I could stand staying out in the snow, getting
wet, and not caring about it. Cold? We were so bundled up, we didn't feel
the cold. Have to go to the store? We could walk a block or two, playing
in the snow along the way. There wasn't a tree in my neighborhood that
didn't have proof of my snowball-throwing prowess!

Almost reminds me of my early Atari days. The enjoyment of opening up the
newest and greatest software titles. Reading the new issue of Current
Notes, or some other favorite Atari magazine. Getting online at 2400 baud
and reading messages from friends only known by an online persona. And then
we had to grow up, and face the realities of the world. Doesn't seem fair.

Until next time...

                        =~=~=~=

                  SainT 1.99 Released
```

Paul Caillet has announced:


* Real 6301 low level keyboard CPU emulator written by Vincent Joguin (Now
Froggies' demo and Transbeauce2 are working !!)

* -weird- MFP "0" data register behavior when strangely programmed emulated.
(Froggie's demo )

* noisy YM sound sometimes when resetting fixed.

* TimerB when shifter disabled bug fixed (Oxygene screen in Transbeauce2)

* bug fix in video combo box frequency selector ( sort removed )



                                    =~=~=~=



                              PEOPLE ARE TALKING
                             compiled by Joe Mirando
                               joe@atarinews.org



Hidi ho friends and neighbors. Y'know how I'm always harping about people
being dumb and getting dumber all the time? Well it seems that the fates
are working toward proving that I'm right.

In the past week I've seen people do things that you'd really only expect
to see in a Marx Brothers movie or in an outtakes reel from one of the
'Vacation' movies.

It's not ready for public release yet, but I'm working on a corollary of
Mirando's Law. For those of you who don't remember, Mirando's Law states
that if there are half as many people as on a particular road or
highway, they will each be twice as stupid.

One thing that continually amazes me is that some people seem to have
such a hard time understanding cause and effect. The simple idea that a
specific action will be followed by a specific response seems to
genuinely befuddle some people.

I'm going to warn you now that this column is going to be a short one.
There just aren't as many messages as usual this week.

So without any further adieu let's get to the news and stuff from the
UseNet.


From the comp.sys.atari.st NewsGroup
====================================


Greg Goodwin asks about something he sees in a picture of the EtherNAT
card:

"It looks as though the EtherNat is designed to have another card

piggyback on top of it.  Is this the case?"


Adam Klobukowski tells Greg:

"EtherNAT is designed for CT60 and plugs into CT60 buss sockets. To allow
other expansion in the future (SuperVidel) EtherNAT has additional CT60
bus connectors on top."


Paul Irvine asks for help finding the name of a particular game:

"I've been given the fun task of trying to find the name of a game that
was on the ST at one time.

The only details I have are :-

1. It was a jigsaw puzzle game possibly with "puzz" in the name.

2. It ran only in monochrome mode

3. It was possibly a German game.

Play details I have are :-

Unlike most jigsaw games you solved the jigsaw and then could click on
area's of the solved puzzle which then created a new jigsaw to do.

ie if the puzzle was that of a man with a bag you could click on the
back once solved and that made a new puzzle.

If this makes any sense to anyone and could point me towards a name or
an emulated solution then I'd be most grateful. I've tried searching
myself but I presume it's going to turn up on one of those million and
one compilation disks which I can't find a game breakdown for."


Edward Baiz tells Paul:

"I have that game. It was the first ST game I acquired. It is just
plainly called "Puzzle". You build the puzzle and after you are
finished, the finished puzzle becomes a piece in the next puzzle. Great
game..."


Paul tells Edward:

"Found it on Umich and on ST Computer public domain collection disk 10,
cheers for that heads up!"


Raoul Teulings asks about MagicMac:

"Anyone any experience with using MagicMac on a Apple PowerBook
G4 with 500 Mhz?

I would like to use it on that machine but before buying would like to
know all the do's and don't's...."

Olivier Landemarre tells Raoul:

"MagicMac is a fantastic emulator I have use during near 10 years, this
fast, robust with resolution of the mac near perfect except no real FPU
emulate. This is for classic version running correctly on MacOS <=9.1 (I
think on 9.2 it doesn't work), in all case it doesn't work if run with
the classic emulation on MacOSX.

Now there is a version for MacOSX, the only demo version I see, it's slow,
and far from classic version. Now this demo is very old I don't know if
progress was done in final version."


Andreas Kromke tells Raoul:

"As far as I remember the demo version is the version 1.0 which is
rather unstable.

The next version (1.1) is pretty stable, but I did not create a demo
for this.

The current version is 1.2 (from December 2004), but there is no
official announcement, yet, and I do not know, if you will receive that
version in case you buy it from ASH."


Lonny Pursell adds:

"The demo I have is labeled 'version 1.1.0 release Jul 23, 2003'."


Well folks, that's it for this week. See? I told you it was going to be
short this week. Tune in again next week, same time, same station, and
be ready to listen to what they are saying when...


PEOPLE ARE TALKING



                                =~=~=~=



->In This Week's Gaming Section  - Destroy All Humans!
   """""""""""""""""""""""""""""""



                                =~=~=~=



->A-ONE's Game Console Industry News   -  The Latest Gaming News!
   """""""""""""""""""""""""""""""""""""

Destroy All Humans!


THQ and Pandemic showed off an updated version of Destroy All Humans!, the
third-person action game for the PlayStation 2 and Xbox that casts you as
an alien out to invade the Earth. You'll play as Crypto Sporidium 137, a
member of the ill-fated Furon race who must recharge his people's DNA pool
by picking up genetic material that was seeded into the human race. The
best way to score this material is by paying the Earth a visit and hovering
up some. The stumbling block to the plan is that the locals are a touch on
the paranoid side, thanks to the fact that is the 1950s, which can make for
a troublesome game. There were some cool new areas of the game that we were
able to check out, and these areas showed that there has been quite a bit
more polish added to the versions on display.

From a presentation standpoint the game is looking much more cohesive than
our last look. The obvious '50s sci-fi influences have been fleshed out,
resulting in a look with a more modernized spin on the classic elements.
You'll see and hear plenty of campy elements, such as over-the-top voice
acting, the sound effects for Crypto's weapons, and the random ambient
noises (such as the quintessential whine heard in just about every old
sci-fi movie). At the same time, there are some definite modern twists,
such as Crypto's surliness and the cool designs for all the aliens and
their technology.

As far as the gameplay goes, there's been a good amount of refinement that
has gone on since we last tried the game out. Crypto's handling is a little
tighter, both on foot and when behind the controls of his flying saucer,
although the camera can still be problematic at times. We saw more rag-doll
physics as we made Crypto's foes go flying by using telekinesis or some
good old-fashioned explosions.

One of the new levels that we saw, dubbed The Mutant Menace, offered a
better idea of the insanity the game will throw at you. While the early
levels we played have suggested that Crypto's alien technology and powers
will provide him an almost unfair advantage over the simple locals he
encounters, this level offered some unpleasant surprises. Humans circa 1950
are obviously not in the same league as our boy Crypto when it comes to
abilities and weapons. If you were a fan of the The X Files though, you
know that the government has had all sorts of interesting toys lying around
for decades. As a result, don't plan on just sailing through your
opposition; quite the opposite in fact. Over the course of the game you can
actually expect Crypto to get a number of rude surprises from the allegedly
primitive humans he's terrorizing.

The graphics still continue to impress, especially on the PlayStation 2,
thanks to the performance that Pandemic's amazing graphics engine is
getting out of the PlayStation 2. The large environments are expansive and
feature a high level of detail and lighting that's really sharp. Color is
also used to good effect, with a rich palette that has a wealth of
gradients running the gamut from dark, muted tones to very bright colors,
which you don't often see on the PS2. Of course, this praise for the PS2
doesn't mean the Xbox version of the game is lacking in the visuals
department--far from it. The PlayStation 2 game looks good, but the Xbox
also has a healthy share of impressive touches, due to its smooth
performance and rich graphical effects.

Pandemic's alien romp is looking smooth on both platforms.

The audio in the game is shaping up nicely, with some choice voice work for

Crypto and over-the-top emoting for the human cast. We've already mentioned the well-done ambient tunes that set the tone for the action perfectly. The music is coming together equally well, and there are some interesting tunes being thrown into the mix.

Based on what we played, Destroy All Humans! appears to be heading in a positive direction on both the PlayStation 2 and on the Xbox. The game looks good, plays well, and, most importantly, doesn't take itself so seriously. If Destroy All Humans! continues on this way it will likely be part of what's shaping up to be a very good year for Pandemic following the sleeper goodness of Mercenaries. Destroy All Humans! is currently slated to ship this April for the PlayStation 2 and Xbox.


=~=~=~=


A-ONE's Headline News
The Latest in Computer Technology News
Compiled by: Dana P. Jacobson


Security Concerns Prompt Internet Explorer Defections


Worried about catching viruses, spyware, or other malicious software while surfing the Web?

If you're among the nine in 10 people using Microsoft Corp.'s Internet Explorer, you may be a candidate to join the increasing number of users turning to alternative Web browsers that experts say are less prone to security flaws and offer newer features.

Firefox, a free Web browser developed by a far-flung group of software programers, has been chipping away at Internet Explorer's dominant position since its debut last year.

Although Firefox offers some features not found in Microsoft's dominant Internet browser, such as the ability to display several Web pages within a single window, many users say that they are switching because of Internet's Explorer's security holes and malicious software targeting such software flaws.

"The big thing for me was spyware," said Adam Philipp, a Seattle attorney who switched to Firefox in order to avoid the infiltration of programs that generate unwanted pop-up ads and secretly record a computer users' activities.

"I was looking for an alternative," said Philipp, "When I found Firefox, it was faster, more functional and more secure."

The increase in the number Firefox users came despite Microsoft's three year-long effort to boost the security and reliability of its products under an initiative called "Trustworthy Computing."

To be sure, Microsoft has started to deliver automated software updates for Internet Explorer as well as for the Windows XP operating system. Last

year, the Redmond, Washington company deployed a major interim update to Windows XP that included security enhancements for Internet Explorer, including a pop-up ad blocker.

But critics say such moves by Microsoft were too little, too late, which have led to the rapid rise in the popularity of Firefox and other Web browsers.

According to Web statistics tracking firm WebSideStory Inc., Internet Explorer held a 90.3 percent share of U.S. browser usage at the middle of January, compared with a 95.5 percent share in mid-2004.

Nearly 5 percent of Web surfers now use Firefox.

In addition to having fewer security risks, proponents of Firefox say that its other innovations are attracting users with features such as the ability to open multiple Web pages within a single window on the desktop and rich variety of plug-ins to enhance the browser's functionality.

But don't expect a repeat of the frenzied browser wars of the late 1990s. Matt Rosoff, an analyst with Directions on Microsoft, an independent research company, said that Firefox's growth will probably be limited because big companies will stick to Internet Explorer.

"Corporations like to standardize," Rosoff said, "It's extra work to roll out an extra browser."

For technophiles looking for alternatives, there are also other browsers available. Norway's Opera Software makes a competing browser and there are also browsers based on Internet Explorer, such as Maxthon.

Apple Computer Inc. has its own browser, called Safari, for its Macintosh computers.

Microsoft has said it will focus on enhancing Internet Explorer's security features and on a major upgrade for the next release of Windows, code-named Longhorn, due out in 2006.

Competition between Microsoft and Firefox isn't anything new, when you consider that the rivalry actually goes back a few years.

Firefox is based on the Mozilla browser, which itself is based on much of the underlying software code from Netscape, the Web browser that was instrumental in the Internet's growth in the 1990s.

Instead of a company, however, a network of programers called the Mozilla Foundation jointly develops the Firefox browser, in order to create an alternative to the dominant browser platform.

Netscape was overtaken by Microsoft's Internet Explorer in the late 1990s, sparking the Justice Department's landmark antitrust case against Microsoft.

Critics of Internet Explorer argue that Microsoft essentially stopped making innovations to the browser after it gained its overwhelming market share.

Meanwhile, Mozilla's backers have gone on the offensive and took out a full page advertisement in the New York Times a couple months ago promoting the upstart browser.

And its also appears to be benefiting thanks to another popular marketing
channel - word of mouth.

"Any time I hear somebody complaining about their Web experience (on
Internet Explorer), it will almost certainly trigger an invitation from me
to try out Firefox," said Philipp.

Doing so doesn't cost anything. Firefox can be downloaded free from
http://www.mozilla.org/products/firefox/.


## Microsoft Won't Appeal EU Ruling on Sanctions


Microsoft Corp. said on Monday it would not appeal a European Union court
order to immediately implement antitrust sanctions, but it remained
optimistic of eventually prevailing in its main case.

In December, the software giant lost a bid to delay sanctions imposed by
the EU's executive Commission, but it is continuing with a separate, main
appeal against the Commission's decision that it abused the near monopoly
of its Windows operating system.

"Microsoft has decided to forego its right to appeal the Court of First
Instance's ... ruling of December 22, 2004," it said in a statement.

"Rather than seeking to suspend the Commission's remedies, Microsoft's
focus now is on working constructively with the Commission on their full
and prompt implementation." The sanctions compel the world's largest
software maker to introduce a stripped-down version of its computer
operating system without its Windows Media Player music and video software.

The Commission found Microsoft bundled Media Player with Windows to usurp
rival programs such as RealNetworks Inc.'s RealPlayer and Apple Computer
Inc.'s QuickTime.

Microsoft said a European edition of Windows without Media Player would be
available "in the coming weeks" and it had made specifications available
to rival makers of server software - a second key Commission order.

But Microsoft said it would continue to appeal the Commission's landmark
ruling from March 2004, when the EU's competition watchdog also levied a
record 497 million euro ($649.7 million) fine.

"We remain very optimistic as we move forward in this process, and are
encouraged that the December court order noted that a number of Microsoft's
arguments could provide a basis for overturning the EC's decision,"
Microsoft said in a statement.

Commission spokesman Jonathan Todd had no comment on Microsoft's statement.

The Redmond, Washington-based firm said it expected to learn later this
year when the EU Court of First Instance would hold a hearing on the main
appeal.


## Norway Court Upholds Napster Conviction

Norway's supreme court ruled Thursday that a student whose Napster.no homepage was linked to free Internet music files must compensate the music industry.

The country's highest court upheld a lower court ruling that ordered the student to pay $15,900 in compensation. The published version of the court ruling withheld the student's name.

The student was learning computer engineering in the southern Norway town of Lillehammer when he set up the Napster.no site as part of a school project in 2001. His site had nothing do with the widely known Napster.com music site in the United States.

The Napster.no site provided links to music files in the MP3 format that could be downloaded for free. The site was online between August and November 2001, and provided links to about 170 free music files on servers outside Norway, the ruling said.

The music industry group Tono, Sony Music Entertainment Norway AS, Universal Music AS and others, saw the case as an important test of principle, and filed a legal complaint for copyright violations.

A lower court found for the music industry, while on appeal the Lagmannsetten court in Oslo cleared the student, saying any copyright violation occurred when others posted the music and not when he provided links to it.

In a summary of its ruling, the supreme court said the music was clearly published in violation of copyright law.

"The supreme court decided the case based on responsibility for abetting (an illegal act)," the summary said.

It said the student violated the law by showing people where to find the illegal music and that his actions "were premeditated and worthy of criticism."

Cato Stroem, managing director of Tono, said the industry was happy with the ruling, because it shows that music piracy won't be accepted and that copyright laws apply even on the Internet.

"The ruling will help build confidence in the Internet as a medium for the legal distribution of music," he said.


                    AOL Drops Usenet Access


In February, America Online will discontinue providing member access to Usenet newsgroups, one of the earliest forums on the Internet.

AOL subscribers who access the forums by using the keyword "newsgroups" are greeted with a message informing them that the service will be "discontinued in early 2005." Members are advised to visit Google Groups if they wish to continue accessing Usenet.

"We've just been finding over the years that more members are turning to

other forums, like message boards and blogs," AOL spokesperson Jay Esmele told NewsFactor.

"The number of AOL members actually using the Usenet groups is very minimal, and it's decreasing," she added.

So far, there has been no outcry from any members, Esmele said, and very few complaints are expected.

Although blogs and instant messaging largely have supplanted early forum arenas like the IRC and Usenet, some opinion columns have posited that AOL's newsgroup shutdown marks a milestone in Internet history, because it highlights how new communication forms are sweeping away the old, text-based Usenet style.

AOL first provided access to the groups 11 years ago. Although they were popular with AOL members for years, Esmele noted that recent usage has shrunk to fewer than 1,000 members per month.

The discontinuation of Usenet will allow AOL to put greater focus on other community features, Esmele said.

In particular, the company plans to increase visibility of its blog creation tool, also called "online journals." Currently, there are over half a million online journals at AOL.

The company also will put greater emphasis on chat rooms and message boards. There are over 10,000 message boards at AOL now, and the company is working to develop more features and additional boards.

Although AOL members will have to go elsewhere for Usenet access, the discontinuation is not expected to be the end of Usenet.

Thousands of Usenet groups exist, covering a range of topics from TV shows to politics to bizarre diatribes about hating cartoonish dinosaur Barney.

"It was one of the first ways to communicate and connect online," said Esmele. "I don't expect that it will completely die out as long as it has dedicated fans."


                        Sun Opens Solaris Operating System


Sun Microsystems, as expected, has released the source code for its lagship Solaris 10 server operating system and also has moved the company's Trace technology into the open source realm, along with a number of echnology patents.

Sun now has established the opensolaris.org community Web site, where developers can access the Unix-based Soaris code beginning in the second uarter of this year. A community advisory board will oversee the evolution f OpenSolaris OS technology.

The source code will be made available under the Open Source Initiative's (OSI) Common Development and Distribution License (CDDL). The CDDL, which was approved by the OSI board of directors on January 14th, is based on the ozilla Public License (MPL).

With these moves, the open source community has access to some 1,600 active un patents for its operating system, including those related to kernel echnology, file systems and network management.

"This clearly breaks new ground, as Sun becomes the first major Unix upplier to go through their code and determine ownership of the components f that code," IDC analyst Dan Kusnetzky said.

But, he added, it may be too late to stem the momentum established by Linux n the low-cost server market. "Some developers may be enticed to take a closer look at Solaris, but I doubt it will attract the mainstream Linux developers," said Kusnetzky.

Gordon Haff of Illuminata called Sun's open source initiative "a bold move" with no significant downside for the company. "A few years ago it was unthinkable for a major Unix provider to open up the crown jewels, and this shows just how much the world has changed," he told NewsFactor.

The biggest challenge for Sun, said Haff, is building a developer community in an open source environment where Linux has dominant position. "Delivering the code does not buy them much at this point, because most customers equate open source with Linux," he said. "They have to get people to look beyond Linux."

Kusnetzky pointed out that many of the contributions to open source technology come from such companies as HP, IBM, Oracle and Computer Associates, which have little interest in contributing to Solaris.

In offering access to its intellectual property, Sun hopes to spur innovation and speed the delivery of open source products and technologies to customers. The company already offers pay-as-you-go pricing to smaller organizations for some of its products.


EarthLink Wins Agreement to End Alabama Spam


Two members of an alleged spamming ring paid Earthlink an undisclosed amount to settle a lawsuit, agreeing also to stop sending unsolicited e-mail, the Internet service provider said Tuesday.

The two, Damon DeCrescenzo and David Burstyn, were sued last year by Atlanta-based EarthLink Inc., which claimed they were part of a multi-state spamming operation that spewed more than 250 million illegal e-mails.

DeCrescenzo had been ranked one of the world's top spammers by the SpamHaus Project, a nonprofit that monitors spam. The settlement is pending before the U.S. District Court in Atlanta.

EarthLink filed the lawsuit in February 2004 against the "Alabama Spammers," who were given that name because of their frequent use of phone lines in and around Birmingham, Ala.

The suit alleged the group used falsified names, fake addresses and non-existent corporate entities to disguise the spammers' identities.

EarthLink contended the gang used stolen credit cards to create Internet accounts, using them to send spam for herbal Viagra, drugs to enhance body parts and even offers to sell spamming software.

The war on spam by companies and states has been growing.

In all, 36 states already have anti-spam laws. Earlier this month, Georgia Gov. Sonny Perdue said he will push a bill that would make spamming a felony as it is in states including Virginia, home to America Online.

Last month, a federal judge in Iowa awarded an Internet service provider more than $1 billion in what is believed to be the largest judgment against spammers. Robert Kramer, whose company provides e-mail service for about 5,000 eastern Iowan subscribers, had filed suit against 300 spammers for flooding his servers with 10 million spam e-mails a day in 2000.

## U.S. Asks High Court to Curb File Swapping

The government's top lawyer has asked the Supreme Court to overturn the ruling that allowed the makers of online song- and movie-swapping software to stay in business.

The legal brief, filed late yesterday by Acting Solicitor General Paul D. Clement, supports the entertainment industry's bid to shut down song-swapping networks such as Kazaa and Grokster by suing them for copyright infringement.

On March 29, the Supreme Court is slated to hear arguments in MGM Studios Inc. v. Grokster Ltd., the biggest test of the legality of online file swapping. Lower courts have twice rejected entertainment-industry arguments, ruling that Grokster Ltd. and StreamCast Networks Inc. - operators of two song-swapping systems akin to the more popular Kazaa - do not violate copyright law even though people use them for illegal downloads of songs, movies and other copyrighted works.

"The evidence suggests that the respondents have developed vast networks of members whose only common characteristic is apparently their desire to download copyrighted music and movie files without paying for them," Clement wrote in the 30-page brief, a filing expressing the government's opinion. The government is not a party in the case.

At issue is how the lower courts interpreted the Supreme Court's 1984 Sony Betamax decision. In that case, the court ruled 5-4 that Sony did not violate copyright law by selling the Betamax videocassette recorder - despite the fact that it could make illegal copies of television shows - because it also allowed viewers to tape a show to watch later, a legitimate use.

The lower courts applied the ruling in the Grokster case, noting that file-swapping programs can be used for legal purposes, such as distributing a file with the permission of its author.

The government's brief argues that the lower courts erred in that interpretation. Unlike the Betamax, Clement wrote, Grokster and Morpheus (StreamCast's file-swapping product) don't have substantial legitimate uses.

"The overwhelming use of respondents' networks is infringing, and it appears likely that most if not all of respondents' revenues are derived from that infringement," Clement wrote.

Mitch Bainwol, chairman of the Recording Industry Association of America, applauded the government brief. "We're reviewing the brief in great detail, but we're delighted and gratified that the U.S. government has chosen to enter this debate in defense of the integrity of property," Bainwol said.

RIAA and the Motion Picture Association of America were scheduled to file their own briefs late last night. Those groups announced yesterday that they had retained former solicitor general Theodore B. Olson to help them fight the Grokster case.

Some high-tech firms, including Microsoft Corp. and America Online Inc., and public interest groups such as the Center for Democracy and Technology, have filed friend-of-the-court briefs asking the court to overturn the original Grokster ruling, but not to disturb the Sony decision in the process. Those groups say that reinterpreting the Sony decision as the entertainment industry wishes would stunt technological innovation.

"Sony's protections for companies that develop new products have made possible some of the most important and exciting consumer products over the past 20 years - from the iPod to instant messaging to the computer itself," said Alan Davidson, associate director of the Center for Democracy and Technology.

Operating within the Department of Justice, the solicitor general argues on the government's behalf before the Supreme Court.


## Microsoft to Launch Anti-Piracy Initiative


Microsoft Corp. will combat piracy of its flagship operating system by requiring Windows users to verify that their copy of the software is genuine in order to receive timely updates and security fixes, the world's largest software maker said on Wednesday.

Under a new verification program, users will have to prove their copy was obtained legitimately to receive "greater reliability, faster access to updates, and richer user experiences" from Windows XP, the latest version of the operating system running on over 90 percent of the world's personal computers.

Users of pirated copies of Windows will still be able get some updates, such as security patches, but will not be able to get other add-ons for Windows, the Redmond, Washington-based company said in a statement.

The new initiative, called Windows Genuine Advantage, will start in mid-2005.

Microsoft said it will expand in February a trial authentication program it began last fall for English-language users to include 20 more languages. In order to attract more users to the trial, Microsoft is also offering downloads of add-on software and discounts on games and online services.

Authentication will become mandatory in mid-2005 for all users seeking to access software updates, downloads and security fixes for Windows, Microsoft said.

Microsoft is also targeting software piracy in China, Norway and the Czech

Republic, where the use of pirated software is more widespread, by offering discounts to users of pirated copies of Windows.

"These customers will be offered a genuine version of Windows at a reduced price," Microsoft said.

Microsoft said it was trying to boost the value of Windows, which still fuels a large part of the software giant's revenue. Microsoft said software piracy has cost the company billions of dollars in lost income.


## Man Accused in EBay Scandal Arrested

A man is accused of selling almost $100,000 worth of Rolex watches and professional sports tickets on the Web site eBay, but never delivering the goods.

Gilbert Vartanian was arrested Thursday in the Sacramento suburb of Fremont on 12 counts of mail fraud.

Vartanian is accused of defrauding more than 10 victims of $93,324.52 between January 2001 and June 2004. He maintained at least three eBay accounts and more than a dozen user names, according to a federal grand jury indictment.

The victims believed they were buying Rolexes and tickets to the New York Knicks, Pittsburgh Steelers, New England Patriots, New York Giants, Green Bay Packers, Philadelphia 76ers and the New York Jets, and for boxing and auto racing events.

Vartanian told the buyer to send him money, but he would either not respond or send back an empty envelope or blank sheet of paper, prosecutors said.

The charges carry a maximum penalty of 20 years in prison. It was not immediately known if Vartanian had an attorney.


## New Bagle Worms Making the Rounds

Two new versions of the Bagle e-mail worm are spreading on the Internet and through peer-to-peer file sharing networks, according to warnings issued on Thursday by antivirus software companies.

The latest Bagle variants, Bagle.AX and Bagle.AY, are the 50th and 51st versions of the original Bagle worm, which appeared in January 2004. Like the first Bagle, sometimes spelled "Beagle," versions AX and AY spread in executable files and infect machines running Microsoft's Windows operating system, antivirus companies say.

Users launch the worm and infect their systems by opening an infected file in an e-mail message or a shared folder on a peer-to-peer network, according to an alert from Symantec.

Once released, the worm modifies Windows so that the worm file is launched whenever Windows starts. It also harvests e-mail addresses from the infected computer's hard drive and then mails copies of itself out to those

addresses, faking the 'From' address on e-mail messages it sends, according to an advisory from F-Secure of Helsinki.

Copies of Bagle.AX and Bagle.AY arrive in messages with subjects such as 'Delivery service mail', 'Registration is accepted', and 'You are made active', F-Secure says.

The virus file is disguised in files with.exe,.scr,.com, and.cpl extensions and names such as 'Jol03', 'upd02', 'zupd02', and the like.

On computers that are running peer-to-peer file sharing software, the virus copies itself into folders whose names begin with the letters shar, which could be file sharing folders used to swap files on the networks. The worm file is disguised as popular software or as pornography, with names like 'Adobe Photoshop 9 full.exe' and 'XXX hardcore images.exe'.

Antivirus companies have issued updated virus definitions that enable their products to detect the new versions of Bagle, and advise customers to update their software as soon as possible.


Teen Sentenced for Unleashing Blaster Worm


A federal judge sentenced a teenager to a year and half of prison on Friday for releasing a variant of the Blaster worm that was used to attack more than 48,000 computers.

Jeffrey Lee Parson, 19, appeared in U.S. District Court in Seattle, where he was also ordered to perform community service, pay restitution and be placed under supervision for three years following the sentence.

"If you use the Internet to harm people, it will be investigated and you will be punished," Jeff Sullivan, chief of the criminal division of the U.S. Attorney's office in Seattle, told reporters.

U.S. District Judge Marsha Pechman, however, did not give the Minnesota teen the maximum 37-month sentence, saying Parson wrote malicious software and used it to attack other computers partly because of neglectful upbringing and supervision.

Parson, who was brought in from his home in Hopkins, Minnesota, pleaded guilty to creating a variant of the worm, which infected computers in mid-2003 and targeted computers at Microsoft Corp.

Parson said he created his "B" or "teekids" variant of the Blaster worm and used it to access fifty computers which he then used to launch a broader attack on more than 48,000 computers.

Attorneys from Microsoft's headquarters in Redmond, Washington, a Seattle suburb, said that damages could easily amount to more than a million dollars.

A hearing for the amount of restitution to be paid to Microsoft and others affected by Parson's Blaster variant will be held in February.

Blaster and its variants are self-replicating Internet worms that bore through a security hole in Windows, Microsoft's operating system which is found on more than 90 percent of the world's personal computers.

FCC Chairman Powell to Resign

Michael Powell, chairman of the U.S. Federal Communications Commission for the past four years, announced last week he will resign, effective sometime in March.

Powell, a Republican who championed telecommunications deregulation, sent a letter of resignation to U.S. President George Bush on Friday, saying his resignation comes with a "mixture of pride and regret."

"Having completed a bold and aggressive agenda, it is time for me to pursue other opportunities and let someone else take the reins of the agency," Powell says in a statement. "During my tenure, we worked to get the law right in order to stimulate innovative technology that puts more power in the hands of the American people, giving them greater choices that enrich their lives."

Powell's main regret, he says, was no longer "working shoulder to shoulder with the most talented and dedicated staff and colleagues that I have known."

Bush has the responsibility of nominating a new commissioner and a new FCC chair to replace Powell. Bush's choice for a new commissioner must be approved by the U.S. Senate. Powell, appointed to the FCC by former President Bill Clinton in November 1997, was named chairman by Bush in January 2001.

Powell's resignation prompted a mix of reaction from technology and telecommunications companies, trade groups, and think tanks. Organizations such as the United States Telecom Association and the Progress & Freedom Foundation, a free-market-oriented think tank, praised Powell's efforts to remove regulation from the telecom industry.

During his tenure, Powell pushed the commission to scrap many of the rules requiring incumbent telephone carriers - often called the regional Bells - to share parts of their networks with competing carriers. As part of the Telecommunications Act of 1996, the U.S. Congress set up the sharing framework in which the Bells, which inherited much of their networks after the breakup of the old AT&T government-sanctioned monopoly in the 1980s.

Powell will be remembered for his "forward-looking approach and his strong efforts to drag government policy into the next century," says Tom Tauke, executive vice president of public affairs and communications at Verizon Communications, in a statement. Verizon is one of the four regional Bells.

Powell argued that market forces, and not the government, should determine the competitive landscape of the telecom industry, but he also pushed the FCC to get more involved in areas such as policing indecency on television and radio airwaves. While Powell wasn't a complete free-market advocate, his policies did encourage private companies to invest in new Internet and telecom technologies, says Kyle Dixon, a senior fellow at the Progress & Freedom Foundation.

"He really has a love for the technology and an understanding that the technology has economic benefits for consumers," says Dixon, a former legal advisor to Powell. "He understood that changes are going to happen through

private sector innovation."

Steve Largent, president and chief executive officer of the Cellular Telecommunications and Internet Association, praises Powell for his "obvious and contagious passion for new technology." Consumers were Powell's top priority, Largent says in a statement.

In November, the Powell-lead FCC ruled that voice over Internet Protocol carriers were exempt from most state regulation and taxes. Powell argued that VoIP will give consumers a new telecom choice, resulting in lower prices and better service.

Others, including some consumer and technology groups, faulted Powell for pushing policies favoring large companies, particularly large incumbent telecom carriers, to the detriment of competition. Bell competitors, collectively known as competitive local exchange carriers or CLECs, have complained that the FCC's moves away from the earlier network-sharing rules limit consumer choice.

The Information Technology Association of America (ITAA), a trade group representing about 500 technology companies, says consumer choices contracted during Powell's tenure. "Though Chairman Powell has been an advocate for allowing new technologies to come to market, he leaves a far more consolidated communications marketplace than when he began," ITAA President Harris Miller says in a statement. "Business users and consumers have fewer alternatives because of his policies. Assuring affordable access to innovative services and applications over the resulting bottleneck networks will be a significant challenge."

Powell encouraged companies to experiment with unlicensed radio spectrum, leading to broad adoption of Wi-Fi, but the rest of Powell's time at the FCC was "mostly negative," says Michael Calabrese, vice president and director of spectrum policy at the New America Foundation, a centrist think tank focusing on technology and other public policy issues.

"He has pushed hard to end the open, free flow of content and applications over the Internet, claiming falsely that this is the incentive cable and telephone companies need to invest in broadband deployment," Calabrese says in a statement. "Although it would be hard to do worse than Michael Powell, we can only hope that his successor is someone who can persuade the White House that the U.S. is rapidly falling behind the rest of the world in affordable broadband deployment."

During Powell's tenure as chairman, the FCC:

* Declared cable modem Internet service an "information service" that's minimally regulated
* Ended network-sharing rules for several high-speed fiber networks, in an effort to promote broadband, including new fiber deployment, fiber to the curb, and fiber to apartment buildings
* Adopted new rules intended to minimize regulations for broadband over power lines
* Gave consumers the option of avoiding telemarketing calls through the national Do Not Call registry
* Let Americans keep their cellular numbers when they change carriers.


                    Ex-Microsoft Worker Pleads Guilty to Software Theft

A former Microsoft Corp. employee pleaded guilty on Wednesday to selling the world's largest software maker's products for more than $7 million for personal profit, federal prosecutors said.

Finn Contini, 36, admitted to ordering software through Microsoft's internal systems under the pretense it was for internal use and using the money to buy real estate, cars and jewelry, the U.S. Attorney's office said.

After similar incidents involving employees selling Microsoft's high-end software for personal gain, the company cracked down on criminal theft in late 2003.

The Redmond, Washington, company hired investigators and made changes to its internal ordering system in order to prevent future incidents.

Contini, an assistant at Microsoft, resigned in February.

Two other individuals who worked with Contini are scheduled for plea hearings later this month.


## Bids Sought For 'Net Sales Tax Systems


State governments working on a national Internet sales tax system are moving ahead with plans to create the data infrastructure that they and retailers will need to manage the collection of taxes on most e-commerce transactions.

Working together under the auspices of the Streamlined Sales Tax Project, 40 states and the District of Columbia have issued two requests for bids from technology companies to design the software and Web-based networks to track millions of online purchases and process the appropriate sales tax payments.

A request issued by the states last Friday seeks bids to build a registration system where all Internet retailers - ranging from giants like Amazon.com to smaller companies - would go to declare their intent to collect and remit taxes on online sales made to customers in the project's participating states.

The second request, issued last November, is aimed at making it easier for online retailers to collect sales taxes. The states plan to award contracts to multiple vendors who would provide sales tax collection systems to online retailers. As currently envisioned by the states, Web merchants would pay nothing for the services. Instead, the vendors would take a small cut from the revenues.

To date, 19 states - including Florida, Michigan and Texas - have modified their sales tax codes to make it easier for retailers to collect taxes on Internet sales. By October 2005, the states hope to have a voluntary collection system working in at least 15 states representing roughly one-fourth of the U.S. population. With that in place, they hope, Congress would be more likely to endorse a mandatory, national Internet sales tax system.

At stake for the states is potentially billions of dollars a year in

revenue that is currently going uncollected. A study released last July by the National Governors Association and the National Conference of State Legislatures estimated that state and local governments lost $15.5 billion to $16.1 billion in 2003 in revenue from untaxed Internet sales. Total online retail spending last year was $66.5 billion, according to a report issued earlier this month by comScore Networks, a Reston, Va.-based research firm.

Several state officials involved in the bidding process declined to say which technology companies are vying for the Internet sales tax projects, citing confidentiality agreements. But sources said that the winning bidder for the registration system contract would likely be a team comprised of one or more tax software companies, a major accounting firm or a large systems integration company.

A list of companies that sent representatives to the Streamlined Sales Tax Project's meeting in Phoenix this month includes Accenture, EDS Corp., IBM Corp. and KPMG. Tax software companies present at the meeting included Salem, Mass.- based Taxware LP, Tax Matrix Technologies of Harrisburg, Pa., and Vertex of Austin.

Charles Collins, vice president of government affairs at Taxware and a former co-chair of the Streamlined Sales Tax Project, said the company submitted a proposal to provide tax collection services to online retailers. Taxware also is considering making a bid for building the states' registration system, and may team with another company if it does, he said.

Calls to several other companies went unreturned or generated "no comment" responses. At least one executive from a tax software provider said the states' procurement process forbids interested companies from discussing any potential bids.

The states hope to award the contract for building the central registration system by Mar. 4. The initial term of the contract is for one year, but it may be renewed for a term of up to four more years. The goal is to have the registration system running by October, according to Diane Hardt, co-chair of the Streamlined Sales Tax Project.

Certified tax software providers will remain eligible to calculate, collect and remit taxes for online sellers so as long as their products meet with the states' specifications. The project plans to announce the initial list of approved tax software vendors by Feb. 15 and award contracts by October 1.

Officials involved in drafting the project RFPs declined to discuss the potential value of the contracts. It also remains unclear how the states will pay for the central registration system, given that few Internet retailers are rushing to collect taxes voluntarily.

Hardt said the states could draw from a fund set up by sponsor organizations such as the National Governors Association and the National Conference of State Legislatures. Alternatively, the states may opt to take out a loan to pay the winning bidder up front, she said.

Until this year, the states participating in the sales tax project had planned for the central registration system to be built by the Multistate Tax Commission (MTC), a group of state and local tax administrators routinely hired by states to conduct tax audits on companies that do business in multiple states.

But in a meeting in Phoenix earlier this month, a number of Internet retailers and other companies that support the project cited fears that the MTC could use the sales tax data to conduct income tax audits of registered companies on behalf of non-participating states. They insisted that the task of creating the registration system be thrown open to competition.

"A lot of businesses said they didn't want anyone running the registration system who could use the information as an opportunity to go after merchants for other things," said Maureen Riehl, state and industry relations counsel for the National Retail Federation.

Frank Katz, general counsel for the MTC, said the group does not plan to submit a bid for building the registration system.

"We think those fears are completely unfounded, but we also don't want to do anything to stand in the way of what the states are trying to achieve," Katz said.

Maryland, Virginia and the District of Columbia are parties to the Streamlined Sales Tax Project but have not yet brought their tax laws into compliance with the project's guidelines. Officials from Maryland and Virginia have said they do not plan to take further steps until Congress indicates its support for the overall effort.


=~=~=~=